

AMENDED IN ASSEMBLY AUGUST 7, 2006

AMENDED IN ASSEMBLY JUNE 26, 2006

AMENDED IN SENATE MAY 10, 2006

AMENDED IN SENATE APRIL 17, 2006

**SENATE BILL**

**No. 1805**

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**Introduced by Senator Florez**

February 24, 2006

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An act to amend Section 19605.75 of the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1805, as amended, Florez. Horse racing.

Existing law, operative until January 1, 2009, provides that every thoroughbred association and fair that conducts a racing meet shall deduct a percentage of the total amount handled in exotic parimutuel pools of thoroughbred races, which shall be distributed to a thoroughbred racing association to defray costs of workers' compensation insurance in connection with thoroughbred horses that race in this state, as specified. Existing law provides for the distribution of funds that are not expended in the calendar year in which they are collected to specified organizations.

This bill would extend the operation of these provisions until January 1, 2010, and instead provide that any funds that are not used to defray the cost of workers' compensation insurance shall either be carried forward to the subsequent year or used to reimburse ~~to~~ racing associations for safety related expenditures as specified.

This bill would declare that is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 19605.75 of the Business and  
2 Professions Code is amended to read:

3 19605.75. (a) The Legislature finds and declares that the  
4 existence of high caliber thoroughbred racing in California is  
5 important to this state's agricultural economy. The California  
6 horse racing industry is being threatened by the escalating costs  
7 of doing business in California, including, but not limited to,  
8 workers' compensation insurance costs, in that these costs are not  
9 only causing thoroughbred horses and trainers to leave this state,  
10 but are also discouraging owners and trainers from bringing  
11 horses into this state to compete. It is the intent of the Legislature  
12 to provide some relief from these escalating costs through the  
13 redistribution of the parimutuel handle on exotic wagers.

14 (b) Notwithstanding Section 19610, every thoroughbred  
15 association and fair that conducts a racing meet shall deduct an  
16 additional 0.5 percent of the total amount handled in exotic  
17 parimutuel pools of thoroughbred races.

18 (c) The funds collected pursuant to subdivision (b) from exotic  
19 parimutuel pools on thoroughbred races within the inclosure of a  
20 thoroughbred association or fair conducting a race meeting, at  
21 satellite wagering facilities within this state, and through advance  
22 deposit wagering by residents of this state, shall be distributed to  
23 the organization described in subdivision (f) to be used in  
24 accordance with subdivision (e).

25 (d) Any thoroughbred association or fair that authorizes a  
26 betting system located outside of this state to accept exotic  
27 wagers on its races and to combine those wagers in the  
28 association's or fair's exotic parimutuel pools, including, but not  
29 limited to, a multijurisdictional wagering hub as to exotic wagers  
30 made by residents other than those of this state, shall deduct the  
31 amount specified in subdivision (b) in addition to any other  
32 applicable deductions specified in law. The amount deducted  
33 pursuant to this subdivision shall be distributed to the

1 organization described in subdivision (f) to be used in accordance  
2 with subdivision (e). This additional deduction shall not be  
3 included in the amount on which license fees are determined  
4 pursuant to Section 19602.

5 (e) The amounts distributed to the organization described in  
6 subdivision (f) shall be deposited by that organization in a  
7 separate account to defray the costs of workers' compensation  
8 insurance incurred in connection with thoroughbred horses that  
9 race in this state at thoroughbred associations and racing fairs  
10 through the payment of supplemental premiums that reduce rates,  
11 payment to or for the benefit of trainers and owners of such  
12 thoroughbreds, based on the number of such thoroughbreds they  
13 start, in order to reimburse them for the costs of workers'  
14 compensation insurance directly or indirectly incurred by them,  
15 and other appropriate payments. Any funds that are not used for  
16 the purposes set forth in this subdivision shall, after an  
17 affirmative vote of at least 25 of the voting interests of the  
18 organization described in subdivision (f), either be carried  
19 forward to the subsequent year, or be used to reimburse racing  
20 associations for the actual cost of health and safety programs,  
21 research or safety equipment, or making capital improvements  
22 that are designed to prevent workplace accidents and increase the  
23 safety of jockeys, exercise riders, backstretch employees, and  
24 other racetrack personnel. Those capital improvements shall  
25 include, but not be limited to, safety improvements to racing and  
26 training surfaces. All requests for reimbursements shall be  
27 approved by the board. In developing proposals for approval by  
28 the board, the association shall confer with their horsemen's  
29 organizations and all affected labor organizations or associations.

30 (f) The thoroughbred racing associations and the owners'  
31 organization described in subdivision (b) of Section 19613 shall  
32 form an organization to which funds shall be distributed pursuant  
33 to subdivisions (c) and (d). This organization shall have a total of  
34 34 voting interests, of which 16 shall be allocated to the  
35 organization representing thoroughbred owners pursuant to  
36 Section 19613, one shall be allocated to the official registering  
37 agency for thoroughbreds in California, and one shall be  
38 allocated to the organization representing thoroughbred trainers  
39 pursuant to Section 19613. The remaining 16 votes shall be  
40 allocated among the licensed racing associations and racing fairs

1 in the state. Each racing association and fair shall receive the  
2 portion of these remaining votes represented by the sum of exotic  
3 wagering on its races divided by the statewide total of exotic  
4 wagering in the preceding calendar year, excluding Breeders Cup  
5 races. Fractional voting shall be permitted. Any decision of this  
6 organization with respect to the allocation of funds pursuant to  
7 subdivisions (c) and (d) shall require the affirmative vote of 25 of  
8 these voting interests. In the event that the required number of  
9 affirmative votes cannot be obtained, the matter shall be  
10 submitted to the California Horse Racing Board for a decision  
11 consistent with subdivision (e), and the decision of the board  
12 shall be final.

13 (g) (1) The organization formed pursuant to this section shall  
14 account annually to the California Horse Racing Board with  
15 respect to the expenditure and distribution of funds received by  
16 the organization pursuant to subdivisions (c) and (d), and shall  
17 obtain an independent audit of fund generation and distribution.  
18 A copy of the completed audit shall be forwarded to the  
19 California Horse Racing Board within 45 days of its receipt by  
20 the organization.

21 (2) No earlier than 18 months and no later than two years  
22 following the effective date of this section, the organization  
23 described in subdivision (f) shall commission an independent  
24 evaluation of the effectiveness of the distributions under this  
25 section along with recommendations for any improvements or  
26 modifications regarding the program created in this section. A  
27 copy of that evaluation along with a report detailing the  
28 organization's response to the evaluation shall be filed with the  
29 California Horse Racing Board within 30 days of the receipt of  
30 the final evaluation.

31 (h) Between January 1, 2010, and July 1, 2010, any  
32 unexpended funds collected under Section 19605.75 of the  
33 Business and Professions Code shall be distributed to  
34 organizations formed and operated pursuant to Sections 19607  
35 and 19607.2 based upon the total thoroughbred handle in their  
36 respective zones in the year ~~2008~~ 2009.

37 (i) Except for subdivision (h), this section shall become  
38 inoperative on January 1, 2010, and as of January 1, 2011, this  
39 entire section is repealed, unless a later enacted statute, that is  
40 enacted before January 1, 2011, deletes or extends that date.

1     SEC. 2. This act is an urgency statute necessary for the  
2 immediate preservation of the public peace, health, or safety  
3 within the meaning of Article IV of the Constitution and shall go  
4 into immediate effect. The facts constituting the necessity are:

5     In order to codify, as soon as possible, provisions of  
6 regulations that have been promulgated, it is necessary that this  
7 act take effect immediately.

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